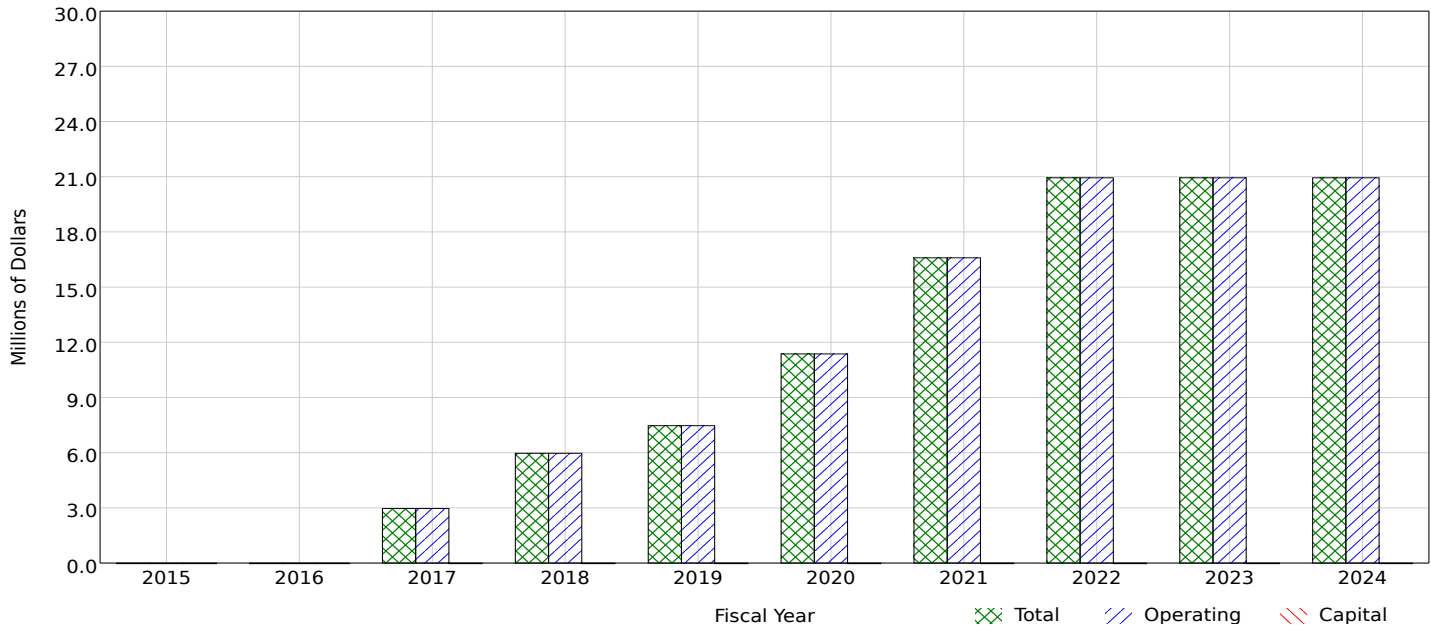


Fund Source Report

1246 RcdvsmFund Recidivism Reduction Fund

Year Authorized 2017 Year Repealed Active? Yes Mental Health? Yes Duplicated? No Fund Group Designated General

Operating and Capital Appropriations



Legal Authority
AS 43.61.010

Source of Revenue
Fifty percent of proceeds from an \$50 per ounce excise tax on marijuana sold or transferred to a retail store or manufacturing facility.

Restrictions on Use
The legislature may use the annual estimated balance in the fund to make appropriations to the Department of Corrections, the Department of Health and Social Services, or the Department of Public Safety for recidivism reduction programs.

Description and History
May 2016

The fund consists of 50% of proceeds from an excise tax on marijuana sold or transferred from cultivators to stores or manufacturing facilities. The fund is designated general funds--the legislature may use the annual estimated balance in the fund to make appropriations to the Department of Corrections, the Department of Health and Social Services, or the Department of Public Safety for recidivism reduction programs.

For FY17, appropriations for recidivism reduction activities are from the general fund, with a provision to repay the general fund if the recidivism fund balance is sufficient to do so. Excise tax revenue is expected to result in a net zero UGF expenditure by year end.

August 2017

It appears that FY17 and FY18 revenue will be insufficient to fully fund the \$3 million appropriated in FY17 and the \$6 million appropriated in FY18 (with available recidivism reduction funding of \$874.3 in FY17 and ~\$5.3 million projected in FY18). To ensure that planned recidivism reduction programs continue to be funded, the legislature included UGF backstop language in the FY18 Mental Health Bill (Section 9, HB 59) to absorb any shortfall while the new tax revenue ramps up.

In FY19, DHSS expects that a portion of the re-entry center services will be billable to Medicaid. As a result, \$375.0 of the \$2 million will be requested in Medicaid Services and the remainder (\$1,625.0) will remain in Behavioral Health (BH) Treatment and Recovery Grants. The \$375.0 is expected to match \$1,125.0 of federal Medicaid funding.